

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of

NOTICE OF SOUTH CENTRAL BELL)
TELEPHONE COMPANY OF AN)
ADJUSTMENT IN ITS INTRASTATE)
RATES AND CHARGES)

CASE NO.
8150

O R D E R

By Order entered March 5, 1981, the Commission suspended the interim rates proposed by South Central Bell Telephone Company (Company) for a period of five (5) months on and after March 31, 1981, and directed the Company to appear at the Commission's offices on March 27, 1981 to show cause why the suspension should be rescinded or modified. By Order entered March 9, 1981, the hearing was rescheduled on March 30, 1981.

At the hearing witnesses for the Company offered testimony in support of interim rates to offset increases in depreciation costs which, according to the testimony, have resulted from changes in depreciation methodologies, technological changes and increasing competition. It was stated that changes in depreciation rates will have a severe impact on the earnings of the Company and that additional annual revenues of \$18.9 million are required to recoup these expenses. Representatives of the Federal Communications Commission, the Company and the Public Service Commission will participate in meetings to ~~be held in the fall of 1981 for the~~

purpose of discussing the Company's proposed changes in depreciation rates. The Company anticipates that subsequent to the meeting changes in depreciation methods and a recognition of shorter service lives will result in the approval of significantly higher depreciation expenses, and states that, historically, changes approved as a result of the three-way meeting have been made retroactive to January 1 of the year approved.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that no compelling reasons have been advanced to support a rescission or modification of the suspension of the proposed interim rates prior to consideration in the general rate proceeding of matters affecting the revenue requirements of South Central Bell Telephone Company.

IT IS THEREFORE ORDERED That the suspension of the proposed interim rates, charges and classifications for a period of five (5) months on and after March 31, 1981, be and it hereby is affirmed.

Done at Frankfort, Kentucky, this 1st day of April, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voh
Chairman

Katherine Randall
Vice Chairman

Don Starnes
Commissioner

ATTEST:

Secretary